

MEMORANDUM

TO: Audit Committee
Jon Strinden
Ron Leingang

FROM: Jamie Kinsella, Internal Auditor

DATE: February 25, 2009

SUBJECT: **November 19, 2008 Audit Committee Meeting**

In Attendance:

Jon Strinden, via conference call
Ron Leingang
Rebecca Dorwart
Jamie Kinsella
Sparb Collins
Leon Heick
Pat Brown
John Mongeon
John Schell

The meeting was called to order at 10:00 a.m.

I. August 20, 2008 Audit Committee Minutes

The audit committee minutes were examined and approved by the Audit Committee.

II. Internal Audit Quarterly Report

- A. Internal Audit Quarterly Report – The Internal Audit quarterly report listed all of the projects that are in active status as of October 31, 2008.

Quarterly Audit Recommendation Status Report – As stated in the Audit Policy #103, the Internal Audit Division is to report quarterly to management and the audit committee the status of the audit recommendations of the external auditors, as well as any found by the internal auditor.

During the past year efforts have been made to ensure that management continues to work on these recommendations. As part of this process, staff reviews these recommendations and their progress at the quarterly Loss Control Committee meetings. Ms. Kinsella reported that in the past quarter there were two recommendations completed, progress made on two, and no change for six of the recommendations.

III. Administrative

- A. Enterprise Risk Management Assessment – Per the business plan, an enterprise risk management assessment is to be conducted on the agency every four years, and 2008 is the year staff was to do this assessment. Due to the number of projects the Internal Audit staff is working on and the time being spent on the PERSLink project, staff recommended postponement of conducting the enterprise risk management assessment to 2012. By general consensus the audit committee approved staff's recommendation.
- B. Internal Audit Annual Audit Plan for 2009 – Included with the audit committee materials was a copy of the Audit Plan for January 1, 2008 through December 31, 2009. An attachment with a progress report on the planned audits listed in the audit plan was also included. This was for information only.
- C. Audit Committee Meeting Date & Time – Ms. Kinsella compiled a schedule of the proposed 2009 audit committee meeting dates and times. The audit committee approved the 2009 meeting schedule.

IV. Miscellaneous

- A. Brady Martz & Associates Audit Presentation – Brady Martz presented their FY 2008 audit report to the audit committee. A copy of the audit report was included in the audit committee materials.
- B. Pharmacy Benefits Manager (PBM) Project – Ms. Kinsella conveyed staff had received information from BCBS but due to the BCBS renewal process and legislative bills, staff had not been able to review the material. Ms. Kinsella indicated it was staff's goal to have this fully initiated during the first quarter of 2009.
- C. Risk Management Report – At the May audit committee meeting, it was determined that a Risk Management Policy for PERS would not be necessary since a Loss Control Committee is in place to manage risk for the agency. At that time It was suggested that the Loss Control Committee provide a copy of the last meeting agenda and the approved minutes. Deb Knudsen, who oversees the Loss Control Committee, will come to the August meeting each year to update the audit committee on the Loss Control Committee, its purpose, and to answer any questions the audit committee may have. Included with the audit committee materials was a copy of the approved meeting minutes for June 2008 and the agenda for the September 2008 meeting.
- D. PERSLink Quarterly Report – Included with the audit committee minutes was the PERSLink quarterly status report. NDPERS is required to file this report with ITD throughout the duration of the system replacement project. This was for information only.
- E. Report on Consultant Fees - According to the Audit Committee Charter, the audit committee should "Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon-

procedures and any non-audit services provided.” Included with the audit committee materials was a copy of the report showing the consulting, investment and administrative fees paid during the quarter ended September 30, 2008.

- F. Continuing Professional Education – Ms. Kinsella indicated she attended the Association of Public Pension Fund Auditors (APPFA) conference in Charleston, South Carolina on November 3-5, 2008. This seminar provided 17 continuing professional education credits. Ms. Kinsella included a list of the topics discussed at the conference in the audit committee materials.
- G. Publications – Included with the audit committee materials were publications and/or articles from the Institute of Internal Auditors.

The meeting adjourned at 11:00 a.m.